GOVERNMENT OF INDIA
HEALTH AND FAMILY WELFARE
LOK SABHA

UNSTARRED QUESTION NO:2704
ANSWERED ON:14.03.2001
PRICES OF LIFE SAVING DRUGS
MINATI SEN

Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether the Government exercise any regulatory control over the prices of pharmaceutical products particularly on life saving drugs;

(b) if so, the nature of such control;

(c) whether the manufacturers and the retailers are free to fix any price (M.R.P.) as they may like to fix as is seen in cases of the life saving drugs which carry price tag as high three times of the wholesale prices; and

(d) if so, the Government`s view in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRI A. RAJA)

(a) to (c) The Government through the Department of Chemicals and Petrochemicals, has been promulgating Drugs (Prices Control) order (DPCO) from time to time under the Essential Commodities Act. The Current DPCO i.e. DPCO, 1995 has been enforced fror 6th January 1995. The DPCO has not distinguished the drugs as life saving or otherwise.

Under DPCO, 1995, at present 74 bulk drugs specified in its First Schedule and their formulations are under price control.

The retail prices of formulations under control are determined as per the cirteria/formula given in Para 7 of the DPCOAs per the provisions of DPCO, National Pharmaceutical Pricing Authority (NPPA) fixes two types of formulation prices vizCeiling prices and non-ceiling prices. Ceiling prices are fixed for commonly marketed standard pack sizes of formulations which are applicable for all manufacturing units including Small Scale Industries.Non-ceiling prices are fixed for a particular pack size of scheduled formulations of a particular company and are company specific.

The prices fixed by the Government/NPPA are to be followed by all the manufacturers.Under the DPCO, no person can sell any formulation of price control category at a price exceeding the price notified/approved by the Government/NPPA.In case any company is found selling at prices higher than the prices fixed, action is taken against them as per the provision of the DPCO. Following actions are taken in such cases:-

(i) State Drug Controllers are the regulatory/enforcement agencies for impelmentation of the notified prices and monitoring of prices of decontrolled medicines.

(ii) Under Para 13 of DPCO, 1995, NPPA is empowered to direct a company to deposit with Government of India the amount overcharged from the public in the sale of scheduled formulations at prices higher than the notified price.

(iii) In addition, such a company is also liable to pay the interest @ 15% under section 7(A) of Essential Commodities Act, 1955.
The prices of medicines which are out of price control are fixed by the manufacturers themselves. However, their prices are monitored by NPPA as well as by State Drug Contollers.The prices of de-controlled medicines can be regulated by the Government, if warranted in public interest.
When the MRPs of I.V. Fluid (a de-controlled drug) were found to be very high, NPPA has brought down their prices by exercising the provisions of the DPCO.

(d) The question of regulating the trade margins permissible between the actual sale price of the manufacturers and MRP printed on drugs/formulations has been examined in consultation with NPPA.A list of non scheduled formulation/generic products has been identified by NPPA for fixing their retail prices under Para 10 (b) of DPCO 1995 after allowing appropriate trade margins.